

South Carolina Office of Research and Statistics

Statement of Estimated Local Revenue Impact

Date: March 4, 2010

Bill Number: H.B. 4174 as amended by Senate Finance March 3, 2010

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Committee Requesting Impact: Senate Finance

Bill Summary

A bill to amend Section [12-37-3150](#), as amended, Code of Laws of South Carolina, 1976, relating to determining when a parcel of real property must be appraised as a result of an assessable transfer of interest, so as to provide that a conveyance of real property subject to the special four percent assessment ratio to a trust does not constitute an assessable transfer of interest in the real property if the settlor or settlor's spouse conveys the property to a trust the beneficiaries of which are a child or children of the settlor or the settlor's spouse and to provide that a conveyance by distribution under a will or by intestate succession of real property subject to the special four percent ratio does not constitute an assessable transfer of interest in the real property if the distributee is a child or children of a decedent and the decedent did not have a spouse at the decedent's date of death.

REVENUE IMPACT ^{1/}

This bill is not expected to impact State revenues. Local property tax revenues would be reduced by \$400,000 per year.

Explanation

This bill further defines what does and does not constitute an assessable transfer of interest. Under current law a conveyance to a trust is an assessable transfer of interest unless the settler or settor's spouse, or both, conveys the property to the trust and the sole present beneficiary or beneficiaries are the settler or the settlor's spouse, or both. This bill adds a child or children that are the sole present beneficiary or beneficiaries to the list of conveyances by a trust that does not constitute an assessable transfer of interest if the property is subject to the special four percent assessment ratio pursuant to 12-43-220(c). Also, under current law a conveyance under a will or by interstate succession is an assessable transfer of interest unless the distributee is the decedent's spouse. This bill adds a child or children of the decedent if the decedent did not have a spouse at the time of the decedent's death and the property is subject to the special four percent assessment ratio pursuant to 12-43-220(c) to the list of things that do not constitute an assessable transfer of interest. Based on conversations with county assessors, we estimate removing these specific instances from triggering an assessable transfer of interest will reduce local property taxes by \$400,000 per year.

/s/ WILLIAM C. GILLESPIE, Ph.D.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Gibson

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, Section 2-7-76 for a local revenue impact, or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.